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SUBJECT: KENYA & SOMALIA SCENESETTER FOR VISIT OF A/S
POWELL AND NSC SECURITY ADVISOR DAVID MCCORMICK

¶1. (SBU) SUMMARY: Welcome to Kenya, a stable, dynamic democracy and a key regional partner for the United States. Our partnership with Kenya focuses on five major goals: cooperate to fight insecurity and terrorism; combat disease and save lives; promote prosperity, fight poverty and invest in people; advance shared democratic values, human rights, and good governance; and collaborate to foster peace and stability in East Africa. While corruption, insecurity and inter-ethnic conflict remain major obstacles to Kenya achieving the aspirations of its citizens, there is a positive process of change underway that our partnership is designed to support.

¶2. (SBU) In addition to managing this robust bilateral partnership with Kenya, the U.S. Mission in Nairobi also has the mandate to implement U.S. policy in Somalia. The U.S. has three principal goals in Somalia: support the establishment of a stable national government based on national reconciliation; promote security and stability on the ground - which includes combating terrorism; and respond to the humanitarian needs of the Somali people. These goals are mutually reinforcing. END SUMMARY.

U.S. Mission Kenya: A Vital Regional Platform

¶3. (U) The U.S. Mission in Kenya serves as a vital regional platform to promote U.S. interests throughout much of Africa. It is the largest U.S. diplomatic mission in sub-Saharan Africa, comprising 18 federal government agencies or offices, most of which have regional mandates. Among these agencies are the U.S. Agency for International Development/East Africa, Peace Corps, Library of Congress, Center for Disease Control, and the Departments of State, Defense, Commerce, Agriculture, Homeland Security and Justice.

¶4. (U) Aside from our bilateral relationships with Kenya and Somalia, described below, U.S. Mission Kenya also represents the USG to United Nations bodies headquartered in Nairobi (UNEP and U.N. Habitat) and engages with diplomatic missions and international NGOs involved in promoting peace, stability and development in southern Sudan and the Great Lakes region.

The U.S.-Kenya Partnership

¶5. (U) Our partnership with Kenya focuses on five major goals: cooperate to fight insecurity and terrorism; combat disease and save lives; promote prosperity, fight poverty and invest in people; advance shared democratic values, human rights, and good governance; and collaborate to foster peace and stability in East Africa. U.S. foreign assistance to Kenya is geared to achieving these goals. That assistance came to

about \$480 million in 2006. It is expected to rise to \$550 million this year.

¶6. (U) The U.S. private sector also has a robust relationship with Kenya. Bilateral trade in 2006 amounted to \$800 million. U.S. investments in Kenya total about \$300 million. The American Chamber of Commerce in Kenya actively promotes corporate social responsibility by its member firms, which account for about ten percent of Kenya's GDP.

¶7. (U) There were 86,500 American tourists in Kenya in 2006. About 6,000 Americans live in Kenya.

Counter-Terrorism: Priority Number One

¶8. (SBU) Al-Qaeda bombed our Embassy on August 7, 1998. It also attacked an Israeli-owned hotel and Israeli chartered aircraft in Kenya in 2002. Al-Qaeda retains the ability to operate in and around Kenya. Working with Kenya against the threat from terrorism remains the first priority on our bilateral agenda. We have provided training to the Department of Public Prosecutions. We have provided civil aviation security and safety equipment and training to Kenyan agencies under the Safe Skies for Africa program. The U.S. Navy Maritime Operations and Training Coastal Security Program with the Kenyan Navy, Police, and Kenyan Wildlife Service is the only inter-ministerial counter-terrorism effort in Kenya. Our Anti-terrorism Assistance (ATA) office has established a robust police training program, and a coastal security program that promises to improve Kenya's capacity to secure its extensive coastline, through the combined efforts of

ATA, the Kenya-U.S. Liaison Office (KUSLO), the Djibouti-based Combined Task Force-Horn of Africa (CJTF-HOA), the Defense Attache's Office (DAO), and the Economic and Political sections. Cooperation with the Kenyan Government on this program is excellent and should serve as a model for such multi-sectoral projects. As a top priority, our counter-terrorism efforts benefit from the cooperation of all Mission agencies, including DOJ's Resident Legal Advisor, FBI, USAID, and DHS. CJTF-HOA Civil Affairs teams have been active in Kenya since 2003, providing humanitarian assistance and building infrastructure in the poorest and most remote regions of the country.

¶9. (SBU) Polling data consistently shows that violent crime is a top concern of Kenyan voters while terrorism does not figure at all as an issue of concern to them. Kenya's political leadership shares this perspective. Members of the U.S. Mission and their family members have been severely wounded and killed in criminal attacks in recent months. We fully understand why the topic of insecurity resonates more with the Kenyan public than does the topic of terrorism. The resource increases and reforms required for the judicial and law enforcement sectors to better respond to the terrorist threat would equally promote improved response to threats to the general public posed by violent criminal gangs. We find that the most effective way to advocate for the necessary resource increases and legislation is to speak in terms of addressing Kenya's chronic insecurity threats, of which terrorism is but a part.

¶10. (SBU) Kenya, nonetheless, has an international obligation to enact counter-terrorism and anti-money laundering legislation in accordance with the UN conventions it has signed. The issue of counter-terrorism legislation has become controversial in Kenya, with elements of the press, the political class, the human rights community, and Muslim leadership criticizing such legislation as anti-Muslim. The Government of Kenya has not institutionalized the necessary integrated legal framework nor organized a

joint counter-terrorism task force of police and prosecutors, despite significant U.S. financial support and advocacy. Military aspects of our counter-terrorism activities, particularly training, suffered a loss of funds due to Kenya's failure to conclude an Article 98 agreement. The lack of an overarching Kenyan counter-terrorism strategy and legal framework limits the impact of our efforts.

Military Cooperation Strong

¶11. (SBU) Despite Kenya's ratification of the Rome Treaty and failure thus far to conclude an Article 98 Agreement with the U.S. (which effectively froze IMET and FMF for Kenya as of March 2005), the military-military relationship remains strong. (Note: A Presidential waiver restored IMET in SEP 06.) Our cooperation includes training, combined exercises, some provision of equipment, an intelligence exchange program, and senior DOD visits. Our strong support of the Kenyan military also includes the African Contingency Operations Training Assistance Program (ACOTA) which prepares Kenyan battalions for United Nations or African Union mandated peace-keeping deployments with training and equipment.

Politics: Intense Campaigning by Two Unstable Coalitions

¶12. (SBU) This is an election year in Kenya. Kenyan politics is evolving into a system of two unstable coalitions fiercely competing for power. Ethnic voting blocs, patronage and money, rather than issues and ideology, dominate politics. While most observers favor President Mwai Kibaki's chances of re-election, conventional wisdom may change if the opposition unites behind a candidate with national popularity. However, the opposition Orange Democratic Movement-Kenya may have difficulty retaining its unity once it makes a choice among its contending presidential aspirants. Neither coalition can be counted on to observe electoral codes of conduct or practice self-restraint. There is a distinct danger of politicians inciting ethnic animosity for political mobilization purposes.

¶13. (U) Following the election in 2002 of President Mwai Kibaki, political space and civil liberties increased dramatically, a far cry from the torture

chambers and political imprisonments of the preceding 24 years under former President Daniel arap Moi. With greatly improved respect for human rights, a variety of media and civil society organizations thrive, measuring the performance of the government by higher standards than in the past. Kenyans themselves demand and expect democratic behavior from their government. This was vividly demonstrated during the constitutional referendum of late 2005 during which voters demonstrated their ability to (mostly peacefully) oppose a largely government-supported initiative. It was also seen in the public outcry against the government's attack on free media during the March 2006 raids on the Standard Media House. Other good governance success stories are the effectiveness and independence of the Electoral Commission of Kenya, which the Mission has assisted, and the Kenyan National Commission on Human Rights. Particularly in light of public exposure of two massive corruption scandals in mid-2004 and early 2006, Parliament has more fully assumed its role of checking the power of the executive through oversight committees. The executive, however, continues to wield considerable power over the legislature.

¶14. (SBU) Kenya continues to be led by politicians who came of age during the colonial era. President Kibaki, his Vice President and his Ministers of Defense and of Security (among other cabinet members) were all in their 30s when Kenya achieved independence in 1963. The three

top opposition leaders, as well as the "young Turks" of the Kibaki administration, were all teenagers or young children at the time of independence. Kenya is in the midst of a crucial generational transition of political leadership that will be fully realized following either the 2007 or, at the latest, the 2012 general elections. Kenya since independence has developed one of Africa's most vibrant civil societies and most highly educated electorates (73 percent adult literacy). The country's future political leadership will better reflect post-independence Kenyan society.

¶15. (SBU) There are several long-awaited pieces of legislation pending before Parliament of particular interest to the United States. The draft Anti-Money Laundering Bill, is required for Kenya to meet its international obligations and to strengthen efforts against corruption, drug trafficking, and terrorism. Also awaiting discussion in Parliament are a bill providing for public access to government information, viewed as a key anti-corruption mechanism; and a bill which would permit the funding of political parties from government coffers to level the playing field and reduce pressures to raise campaign funds through corruption. We are also advocating on behalf of pending anti-trafficking in persons legislation, labor reforms and legislation to address the growing problem of narcotics trafficking.

The Economy: Corruption Holding Back Development

¶16. (U) The Kenyan economy grew by an estimated six percent in 2006, continuing a steady economic recovery that began in 2002 after over a decade of debilitating economic stagnation in the 1990s. The current expansion is fairly broad-based, and is built on a stable macro-environment fostered by government, and the resilience, resourcefulness, and improved confidence of the private sector. The recovery, however, is just that - a recovery phase that began from a low base of economic activity in 2002. Growth needs to be higher, and on a sustained basis, to begin to noticeably reduce poverty. Currently, 56 percent of Kenyans live on a dollar-a-day or less and unemployment/under-employment is also about 50 percent. Accelerating growth to achieve Kenya's potential will require continued de-regulation of business, improved delivery of government services, massive investment in new infrastructure (especially roads), reduction of chronic insecurity caused by crime, and improved economic governance generally (see below).

¶17. (U) Tourism is now Kenya's top economic sector, followed by flowers, tea and coffee. Africa is Kenya's largest export market, followed by the EU. Kenya is the regional center for industry and services, with Mombasa handling imports and exports for the whole region. Critical to more rapid growth in Kenya and the wider region is expanded capacity and improved efficiency at Mombasa Port, which despite some improvements since 2002 remains plagued by mismanagement and corruption.

¶18. (U) Kenya continues to benefit from the Africa Growth and Opportunity Act (AGOA). Its apparel industry is struggling to hold its ground against Asian competition

following the renewal by Congress in November 2006 of the AGOA third country fabric provision, meant to provide more time to develop local cotton and fabric production that meets the buyers' rigorous standards. Kenya's main exports to the U.S. are AGOA-program garments.

¶19. (U) Rains in 2006 ended two previous years of drought and avoided rationing of hydro-electric power. Kenya nonetheless faces profound environmental challenges brought on by high population growth, deforestation, shifting climate patterns, and the overgrazing of cattle in marginal areas in the north and west of the country. Significant portions of the population will continue to require emergency food assistance in the coming years.

¶20. (SBU) Corruption is the greatest challenge facing the Kenyan economy. In the first year after taking office, the new government took some bold action, including passing important anti-corruption legislation and removing nearly half of the country's judges following allegations of corruption. However, the expectations of dramatic action against grand scale senior-level corruption (Anglo-Leasing and Goldenberg cases) have not been met. There have been only a few prosecutions of senior officials from either the former or the current regime for corruption, despite ample evidence of wrongdoing and public outcry, in particular following the publication of reports in early 2006 detailing the extent of the rot. However, Kenya's press, civil society, Parliament, and general public have shown that they will not suffer quietly while the country's coffers are emptied. The revelations of corruption scandals by an opposition MP and the press, commonly referred to by the name of the fictitious financial corporation involved - i.e., Anglo-Leasing - are noteworthy because they demonstrate more space for public criticism in Kenya.

¶21. (SBU) Confronting corruption in the government is a high priority for the U.S. Mission in Kenya. As part of our support for Kenyan anti-corruption efforts, the Mission helped create the Department of Public Prosecutions' (DPP) specialized anti-corruption unit and has supported training and other capacity building activities. Parliament has contributed a moderate degree of accountability and has questioned the effectiveness of the government's anti-corruption institutions. The Mission supports a legislative strengthening program designed to empower key committees and promote quality legislation.

HIV/AIDS and the President's Emergency Plan

¶22. (U) The President's Emergency Plan for AIDS Relief achieved impressive advances in 2006, and those successes continue in 2007. Kenya has the second largest single-country PEPFAR program in the world. Five Mission elements coordinated their programs to implement USD 208 million worth of activities in the areas of prevention, treatment and care in 2006. Thanks in part to efforts with our Kenyan partners, the HIV prevalence rate among adults declined from 6.8 percent in 2003 to 6.1 percent in 2005 (UNAIDS). PEPFAR's impressive results include an increase in the number of U.S.-supported anti-retroviral treatment (ART) sites from three to more than 200 in just over two years. In 2006, PEPFAR funding bought drugs for 58,000 of the estimated 111,000 Kenyans on ART. By the end of 2007, we will be directly supporting over 70,000 Kenyans on ART.

Kenya's Ethnic & Religious Demographics

¶23. (U) Kenya's population of 34 million is comprised of over forty ethnic groups representing three of Africa's major socio-linguistic families (Bantu, Nilotic and Cushitic). The two largest and most politically relevant communities are the Kikuyu (mostly pro-government) and the Luo (mostly pro-opposition).

¶24. (U) Kenya's religious demographics are roughly 80 percent Christian, 10 percent Muslim and 10 percent other (mostly African traditional religions). Most Kenyan Muslims practice a moderate, often Sufi-influenced Islam. While a handful of Kenyan Muslims have been radicalized, imported radical dogma has not been widely embraced.

Somalia

¶25. (U) The U.S. Mission in Kenya has the mandate to implement U.S. policy in Somalia. Many of Somalia's political leaders maintain residences in Nairobi. The

United Nation's political office for Somalia is located in Nairobi as are the "Somalia Affairs" offices of most major multilateral organizations and diplomatic missions. Kenya is the current Chair of the InterGovernmental Authority on Development (IGAD), which has a mandate from the African Union (AU) to promote peace, stability and national reconciliation in Somalia. Kenya is an active participant in Somalia diplomacy and security issues.

¶26. (SBU) The U.S. has three principal goals in Somalia: support the establishment of a stable national government based on national reconciliation; promote security and stability on the ground - which includes combating terrorism; and respond to the humanitarian needs of the Somali people. These goals are mutually reinforcing. Somalia will not be stable as long as foreign terrorists are active there. Similarly, achieving a stable national government will help ensure that Somalia is not exploited as a base of operations by foreign terrorists. Helping the Somali people to counter the impact of drought, flooding, and near-continuous warfare for the past 15 years, and to address their development aspirations, will contribute to achieving a firm foundation for a lasting national government.

¶27. (SBU) Kenya took the lead, through the InterGovernmental Authority on Development (IGAD), in the Somali National Reconciliation Conference that took place over 23 months in Kenya. Since the conclusion of the conference, Kenya has continued to support the strengthening of the Somali Transitional Federal Government (TFG) and institutions (TFIs) which emerged from the conference and were established in 2004. As a result of Ethiopia's intervention in late December 2006, the Islamic Courts that controlled most of southern and central Somalia during the second half of 2006 collapsed. In early January 2007 the TFG moved its capital from Baidoa back to Mogadishu and began a process of establishing governing bodies and appointing administrative officials. Early assessments of efforts by President Yusuf and Prime Minister Gedi to reach out to all segments of Somali society to establish a broad-based government have been mixed.

¶28. (SBU) Ethiopian forces, whose presence is widely opposed within Somalia, have remained to provide security until such time as either an AU peace support mission is deployed within Somalia or TFG capacity to provide security is greatly improved. At this time, only Uganda has agreed to provide troops for an African peace support mission. The AU, Kenya, and the U.S. are soliciting additional contributions of troops from African nations in order to stand up a peace support mission as soon as possible. The U.S., UNDP and European partners are working to enhance the capacity of TFG police and security forces to provide security.

Strong Reasons to be Upbeat about East Africa

¶29. (U) Kenya's renewed economic vitality and new-found democratic space give us strong reasons for optimism about its prospects for real progress toward achieving the aspirations of its people. Likewise, we see cause for optimism that Somalia may be on the verge of finally achieving stability, national reconciliation and re-entry into the international community, shedding its status as a refuge and launching pad for global terrorism. This is an exciting time to visit U.S. Mission Kenya. Welcome!

RANNEBERGER